

SoccerCity Versus Friends of SDSU: An Analysis of Two Competing Initiatives

The Mission Valley Site is the largest contiguous parcel remaining in the City of San Diego. Conversations regarding the future of the site have been going on for over a decade. As the Councilmember of the district the site resides in, I have been innately aware of the desires of the community and the San Diego region as a whole. Upon the departure of NFL football from San Diego, the conversation regarding the future of the site rapidly progressed. Over the last 10 months several ideas have been floated regarding the usage of the site, including two initiatives. The City of San Diego also has an ongoing community plan update process, which includes the site if either of the initiatives were to fail.



As an elected official, it is my job to review each proposal, substantial or not to determine whether it is a good deal for taxpayers and the right plan for the City moving forward.



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Over the past five years as the Councilmember for Mission Valley, I have had near weekly meetings that related in some way to the future of the community of Mission Valley. Oftentimes those meetings directly involved the Mission Valley site. Other times they were related to surrounding projects or the San Diego River. In those five years, a series of questions continued to emerge. Those questions were: Where will people live? Where will people play? Where will sports teams play? What are you doing about traffic? What is the value of that land? Can we help SDSU?

As I have reviewed the proposed initiatives I have asked myself those questions. In May, I came out in support of the SoccerCity initiative. I believe that, in reviewing the plan, it is both a good deal for taxpayers and the right plan for the site moving forward. A new initiative was released in September by the Friends of SDSU. During my review, I have prepared a comparison of the two initiatives to help me with my decision. I am sharing that comparison with you, so you can adequately review the two proposed initiatives and make a decision for yourself. The following contains an analysis of the six questions I am most frequently asked about the future of the Mission Valley site.

Where Will People Live?

The City of San Diego is currently experiencing a severe housing crisis. The Mission Valley site is the largest contiguous parcel remaining within City limits. The site contains an existing trolley stop and is identified as a Transit Priority Area. Housing will need to be developed on site and it is a smart location for density. The types of housing needed can be broken down into three categories: Affordable, Student, and Market Rate.

The first area of need is affordable housing. The SoccerCity initiative commits to building a minimum of 80 units or 10% of overall units. The maximum number of units permitted to be built under the initiative is 4,800. This would result in 480 units of affordable housing. The Friends of SDSU initiative does not stipulate a minimum or maximum number of units of affordable housing. The initiative also allows for SDSU or a private developer to pay an in-lieu fee instead of building affordable housing. This could result in zero units of affordable housing being developed on the site.

The second area of need is student housing. The site is two trolley stops away from San Diego State University and is envisioned as a natural extension of the campus. The SoccerCity initiative commits to a minimum of 800 student housing units. However, SoccerCity has offered to build up to 2,000 units of student housing at their expense as a partnership with SDSU if SDSU chooses that option as a fit for their expansion needs. The Friends of SDSU initiative does not stipulate a minimum or maximum number of units of student housing. While unlikely, the initiative does allow for the Friends of SDSU to develop no student housing.

The final area of need is market rate housing. The SoccerCity initiative commits to a minimum of 720 units of market rate housing. The initiative allows for up to 4,320 units of market rate housing. The Friends of SDSU initiative does not stipulate a minimum or maximum number of units of market rate housing. While unlikely, the initiative does allow for the Friends of SDSU to develop no market rate housing.

Overall, the SoccerCity initiative allows for up to 4,800 units of housing on the site. The Friends of SDSU initiative does not identify a minimum or maximum number of units. Those details will be determined at a later time. Unfortunately, that does not allow the public to make an educated decision on whether or not the initiative will help alleviate the City's housing crisis.

	SoccerCity	Friends of SDSU	Advantage
Affordable Housing	80 - 480 units	No Minimum/Maximum	SoccerCity
Student Housing	800 - 2,000 units	No Minimum/Maximum	SoccerCity
Market Rate Housing	800 – 4,320 units	No Minimum/Maximum	SoccerCity
Overall Housing	Max of 4,800 units	Unknown	N/A

Where Will People Play?

The community of Mission Valley currently has a deficit of 46.5 acres of parkland as of 2017. The Mission Valley Site is subject to the River Park Master Plan. The development of both the

River Park and additional acres of park are one of the top priorities of the community of Mission Valley and the City as a whole.

The River Park Master Plan is a mandate of any future development along the San Diego River. This site is subject to that plan. Both initiatives agree to develop a 34-acre River Park along the San Diego River. The SoccerCity initiative and proposed lease agreement guarantee a minimum of \$40 million in private dollars will be spent on the development of the River Park. The proposed lease agreement also guarantees maintenance of the River Park for the life of the lease which is 99 years. The Friends of SDSU initiative does not stipulate a minimum or maximum dollar amount spent on the River Park. The initiative does not identify who will pay for the development of the River Park, just that City of San Diego General Fund money will not be spent. The initiative allows for other City of San Diego funds to pay for the development of the River Park. If SDSU pays for the development of the River Park, it will likely have to use taxpayer dollars allocated from the State. The initiative does not identify who is responsible for the maintenance of the River Park. Under the initiative the City of San Diego would retain ownership of the River Park, which likely means maintenance costs will fall to the City of San Diego.

Both initiatives also identify additional acres of parkland to be developed. The Friends of SDSU initiative requires a minimum of 22 additional acres of parkland be developed. The initiative does not identify who will be responsible for future maintenance costs of the parkland. The maintenance costs could fall to the City of San Diego. The SoccerCity initiative requires 21 acres of additional parkland be developed. However, the proposed lease agreement expands that number of acres to a total of 25 acres. Under the initiative, the maintenance costs of 12 acres would be the responsibility of SoccerCity, while 9 acres would be the responsibility of the City. However, the proposed lease stipulates all 25 acres of parkland will be maintained by SoccerCity for the life of the lease.

	SoccerCity	Friends of SDSU	Advantage
River Park Size	34 acres	34 acres	Tie
River Park Cost	\$40 million	Unknown	SoccerCity
Payment for River Park	SoccerCity	Taxpayers	SoccerCity
River Park Maintenance	SoccerCity	Unknown; City	SoccerCity
Additional Park	25 acres	Minimum 22 acres	SoccerCity
Maintenance of Additional Park	SoccerCity	Unknown; City	SoccerCity

Where Will Teams Play?

The Mission Valley Site has an existing sports stadium. The stadium was originally built in 1967 with a seating capacity of 50,000 people. Through the years the configurations have resulted in a seating capacity as low as 44,790 seats and as high as its present state of 70,561 seats. The stadium has been host to baseball, football, soccer, and concerts. The San Diego State University Men's Football is the only remaining team playing there on an annual basis. Both initiatives propose the demolition of the existing stadium and development of a new,

smaller multi-use stadium. MLS has stated a desire for a stadium around 20,000 seats while SDSU has publicly expressed a desire for a stadium between 30,000-35,000 seats.

The SoccerCity initiative proposes the development of a joint-use stadium between 18,000 and 32,000 seats. Recent statements have identified the size to be 23,500 seats for soccer specific use and up to 33,500 seats if SDSU football chooses to utilize the facility for their program. The initiative specifies that SoccerCity will pay for the development of the stadium with no City of San Diego taxpayer dollars in any form. The Friends of SDSU initiative proposes a stadium of up to 35,000 seats. No further details have been provided of exact size or design at this point. The initiative also prevents City of San Diego taxpayer dollars from being used for the development of the stadium. However, the initiative does allow for SDSU to utilize tuition increases, student fees, or state taxpayer funding if fundraising is unable to pay for the full development of the stadium.

The proposed stadiums are both projected to be expandable at a future point in time if the need arises. The SoccerCity initiative allows for the stadium to be expanded up to 40,000 seats. The expansion of the stadium will be subject to additional environmental review at the cost of the party expanding the stadium. The cost of the expansion will also be at the cost of the party that determined an expansion is needed. The Friends of SDSU initiative allows for an expansion of the stadium. The total expansion size permitted is unknown at this time. The initiative does not identify who will be responsible for the cost of the expansion and does not specify the completion of an additional environmental review.

The existing stadium on the Mission Valley site formerly accommodated an NFL team. San Diegans have expressed a desire to be able to recruit an NFL team through the ability to have an NFL stadium developed as a replacement of the existing stadium. Both initiatives provide means for an NFL stadium to be developed on the site. The SoccerCity initiative requires the NFL stadium to be built as a separate stadium. The cost of the stadium and the related mitigation is at the expense of the NFL applicant and other entities. The stadium is also required to be subject to a public vote prior to development. The Friends of SDSU initiative envisions an expansion of the proposed multi-use stadium. A separate NFL stadium would not be built on the site. The initiative does not specify who will be responsible for the cost of the expansion or related mitigation. There is no requirement for additional environmental review or public vote.

	SoccerCity	Friends of SDSU	Advantage
Initial Stadium Size	23,500-32,000 seats	Up to 35,000 seats	Tie
Initial Stadium Paid By	SoccerCity	SDSU	SoccerCity
Expandable?	Up to 40,000 seats	Unknown	Unknown
Expansion Paid By	SDSU	SDSU	Tie
NFL Option?	Separate Stadium	Expansion of Existing	Unknown
NFL Option Paid By	NFL	Unknown	Tie

What Is The Value Of That Land?

The million dollar question, or in this case the multi-million dollar question, is what is the value of the Mission Valley site? The 166 acre site is solely occupied by a dilapidated stadium and parking lot. San Diegans have long known that it will not always remain that way. As a result, San Diegans have long wondered what is the value of the land. If it was sold by the City of San Diego, the resulting influx of cash would have positive implications on the state of the City's budget and debt obligations.

Both initiatives agree to pay fair market value for the land. However, both initiatives allow for the subtracting of the costs such as the demolition of the existing stadium and the construction of the River Park from the appraised value of the land. Due to this language in both initiatives, rhetoric has been utilized stipulating that the value of the land would result in zero dollars. The City of San Diego completed an appraisal of the Mission Valley site along with the former Chargers Practice Facility in June of 2017. The appraisals arrived at a value of \$82.8 million for the Mission Valley site and \$27.3 million for the Chargers Practice Facility. The Friends of SDSU initiative only speaks to the purchase of the Mission Valley site, so for the purposes of the comparison the boundaries that overlap will be the only thing we will consider.

The SoccerCity initiative allows for the purchase of up to 79.9 acres of land. If the only land purchased is on the Mission Valley site, this would result in a purchase price of \$25,332,388 for 79.9 of the 166 acres that are addressed by both initiatives. The SoccerCity proponents have agreed to pay the price of the appraisal without subtracting any costs. The Friends of SDSU initiative does not allow for consideration of the City's most recent appraisal. Unlike SoccerCity, the Friends of SDSU have not specified that they will not subtract any costs from a future appraisal at this point. Without having either of these pieces of information, it is impossible to determine the sale price of the land under the Friends of SDSU initiative.

Only one of the initiatives speaks to lease price of the Mission Valley site. The SoccerCity initiative only allows for the purchase of 79.9 acres. As a result, the remaining acres will be leased from the City. The original initiative allowed for the mayor to determine fair market value for the lease of the remaining land for 99 years. Subsequently, the SoccerCity proponents have agreed to pay an additional \$11 million annually, which is 10% of the appraisal for the life of the lease. However, when only looking at the amount of land that applies to both initiatives, that amount is closer to \$5.3 million. The Friends of SDSU initiative does not stipulate a lease price due to the entire parcel being sold to SDSU.

In addition to the immediate value of the land, the ongoing value is an important factor to the City. That ongoing value is seen through the payment of property tax on the land. Until the parcel is developed it is impossible to know the amount of property tax that will be received annually. However, the San Diego Regional Economic Development Corporation has projected that the amount the City could receive in property tax at up to \$6.1 million for the SoccerCity initiative. That includes both the Mission Valley Site and the former practice facility. The San Diego Regional Economic Development Corporation has not done an analysis on the Friends of SDSU initiative at the time of this comparison. However, the sale of the land to SDSU would

result in a public agency owning the land. Public agencies do not pay property tax on land that they own and occupy or land that they own and lease. As long as SDSU does not sell the land to a private developer, the City will receive no dollars annually in property tax from the Friends of SDSU initiative.

	SoccerCity	Friends of SDSU	Advantage
Land Sale Price	\$25.3 million	Unknown	Unknown
Land Lease Price	\$5.3 million/year	\$0/year	SoccerCity
Annual Tax Revenue	Unknown; >\$0/year	\$0/year	SoccerCity

Can We Help SDSU?

San Diego State University has grown rapidly over the last decade up on the mesa. While it has not completely utilized its current space, the school and City have long been planning for future locations for growth. The Mission Valley site has been identified as a logical location for expansion. As a top university not only in the state, but in the nation, it benefits the City of San Diego to encourage its growth and assist in its development.

Both initiatives speak to the need for providing land for expansion for SDSU. The SoccerCity initiative envisions that expansion as a partnership. That is, they are willing to partner to develop a project that fits the needs of SDSU. This willingness to partner was not a firm enough offer for SDSU. As a result, the SoccerCity proponents offered three specific options for SDSU to consider that will be part of the lease SoccerCity signs with the City of San Diego. All three options include the gifting of 17 acres which will include 12 acres of stadium and 5 acres surrounding the stadium. One option has been referenced above. That is the development of up to 2,000 student housing units and 200,000 sq. ft. of research space. The second option is development of 10 contiguous acres as a pro rate partner. In other words, SDSU receives 10 of the remaining 62.9 acres at the same price and limitations as SoccerCity. The final option is the purchase of up to 30 acres at market rate in 30 years. This option would result in SDSU owning 47 of the 79.9 acres that can be purchased. SDSU has stated that they do not have an immediate need for the land and envision expanding into the Mission Valley site in approximately 30 years once they have utilized everything on the mesa.

The Friends of SDSU initiative does not specify how much land will be utilized by SDSU. Although the initiative ensures the sale of the land to SDSU, it does not ensure its usage by SDSU. The initiative allows for SDSU to sell and lease the land to private developers at their own discretion. It does not mandate a minimum or maximum amount of land or type of usage for SDSU.

	SoccerCity	Friends of SDSU	Advantage
SDSU School Expansion	10 - 30 acres	Unknown	Unknown

What Are You Doing About Traffic?

One of the biggest concerns about any future development on the Mission Valley site is the impact on traffic. Mission Valley experiences a large amount of congestion during certain points of the day. It is also subject to unique circumstances such as the presence of numerous malls, which leads to congestion during Christmas time. Steps are currently being taken to help alleviate the problem such as optimized signals, but it is still one of the main concerns for residents in the area. The build out of the Mission Valley site has been expected for years and so residents want to know what is going to be done about the traffic.

The SoccerCity initiative specifically addresses the traffic issues in Mission Valley. It creates a timeline and schedule for improvements to be made to the roadways. It specifically outlines what roads will be improved and how they will be completed. These improvements were determined after an official traffic study by a top environmental company was completed. The initiative also commits the developer to paying 100% of the cost, except for projects which the City has previously identified as fair share contribution projects. The current amount proposed to be dedicated to traffic mitigation is over \$50 million.

The Friends of SDSU does not commit to any specific road improvements. It instead refers to a future master plan process that will be completed after the election. *As a result, we will not know what traffic mitigation will be completed.* The initiative also does not commit the project to paying for the future traffic mitigation. The initiative allows for a negotiation for fair-share payment of feasible mitigation. The language is ambiguous and the City of San Diego recently was involved in a lawsuit with SDSU over similar circumstances, where SDSU did not want to complete their traffic mitigation for a project. Until specific language is developed over what mitigation will be completed and who will pay for it, it is impossible to commit the project proponents to any mitigation measures. In addition, either way taxpayers will be responsible for paying for the traffic mitigation, whether it is through SDSU or through the City.

	SoccerCity	Friends of SDSU	Advantage
Traffic Mitigation Costs	Over \$50 Million	Unknown	Unkown
Traffic Mitigation Paid By	SoccerCity	Taxpayers	SoccerCity

Conclusion

After reading the “Friends of SDSU” initiative and attempting to compare it with the SoccerCity proposal, one word continually came to mind: **Unknown.**

On one hand, SoccerCity released a 1,300 page initiative with detailed analysis. In addition, the organization behind the initiative agreed to an ironclad lease agreement that by law, they must follow. Because of this transparency, I know what will be built, when, where, how, and most importantly, who’s paying for it.

On the other hand is a 13 page summary of a plan to plan the details at a later date. Given the stakes and the potential cost to taxpayers, I find this troubling.

What is clear in this proposal is that it forces the City to sell a taxpayer asset to a taxpayer funded organization for the privilege of receiving little to no tax generation from the asset. This seems less than ideal.

While, some do not agree with the SoccerCity proposal, at least they know why they are opposed to it. In order to have an honest debate, all of the information needs to be on the table.

Unfortunately, only one proposal has done so thus far.

Due to lack of specifics, it is impossible to determine the impacts of the “Friends of SDSU” proposal on the Mission Valley community and San Diego taxpayers. Therefore I urge San Diegans to refrain from signing the ballot measure currently being circulated. San Diegans deserve to review the details before committing to placing the measure on the ballot.

As I have said numerous times in the past, the devil is in the details.

Final Scorecard

	SoccerCity	Friends of SDSU	Advantage
Affordable Housing	80 - 480 units	No Minimum/Maximum	SoccerCity
Student Housing	800 - 2,000 units	No Minimum/Maximum	SoccerCity
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Overall Housing	Max of 4,800 units	Unknown	N/A
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Initial Stadium Paid By	SoccerCity	SDSU	SoccerCity
Expandable?	Up to 40,000 seats	Unknown	Unknown
Expansion Paid By	SDSU	SDSU	Tie
NFL Option?	Separate Stadium	Expansion of Existing	Unknown
NFL Option Paid By	NFL	Unknown	Tie
Land Sale Price	\$25.3 million	Unknown	Unknown
Land Lease Price	\$5.3 million/year	\$0/year	SoccerCity
Annual Tax Revenue	Unknown; >\$0/year	\$0/year	SoccerCity
SDSU School Expansion	10 - 30 acres	Unknown	Unknown
Traffic Mitigation Costs	Over \$50 Million	Unknown	Unkown
Traffic Mitigation Paid By	SoccerCity	Taxpayers	SoccerCity